



PEFA CHARTER



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PEFA – Public Expenditure and Financial Accountability – is a global initiative with an overarching objective of strengthening public financial management (PFM) systems and promoting more coherent and effective approaches to PFM reform. The PEFA assessment tool, the main product of the Initiative, is designed to identify strengths and weaknesses of public financial management systems at national or sub-national level. It is the only holistic diagnostic instrument covering the entire budget cycle. It can be replicated in successive assessments, giving a summary of changes over time. The independent and neutral diagnostic has been applied worldwide by countries of all income categories. The assessment tool provides a baseline for PFM reform and can support governments at different levels to improve fiscal and macroeconomic stability, to develop coherent strategies for implementation of national development policies in a long-term perspective through practical sequences of reforms and capacity building actions.

Funding requirements to reach the Sustainable Development Goals (SDG) 2030 and beyond are significant, particularly in Low-income countries (LIC). Policy priorities such as climate change, efforts to curb inequality or infrastructure development need substantial amounts of funds while health pandemics, security threats or economic crises are putting increasing pressures on public budgets. At the same time mounting public debt burdens are putting limits to debt financing. All these call for efficient use of resources and efforts to create sufficient fiscal space to ensure medium and long-term sustainability.

Strengthening capacities of governments at all levels to mobilize resources and manage expenditures are among the key priorities that can enable them to act on existing and emerging development and challenges opportunities. Expenditure efficiency as a source of fiscal space is indispensable to reach the SDG targets. Accountable monitoring, reporting, control and oversight of revenue and expenditure management contribute to avoiding misuse or waste of public funds. Therefore, the PEFA initiative can contribute to efforts to improve efficiency of expenditure and revenue management.

VALUES

AND PRINCIPLES

The PEFA initiative includes the PFM assessment tool and additional guidance and contributions to the wider PFM reform agenda. It has been guided by the Strengthened Approach to supporting public financial management reform. The Strengthened Approach consists of i) a country-led agenda; ii) a coordinated programme of support from donors and international financial institutions; and iii) a shared information pool on public financial management. More specifically, the PEFA initiative embodies the following principles:



Comprehensive coverage: The PEFA assessment tool provides comprehensive coverage of all aspects of PFM systems, including revenue and expenditure.



Shared global public good: The outputs from the initiative should benefit all domestic and international stakeholders and be freely available and widely accessible. Also, the PEFA assessment constitutes an independent tool not affiliated to any single institution.



Shared information pool on PFM: The PEFA initiative compiles and shares among key stakeholders' information on PFM systems and their performance. More specifically, the PEFA assessments are shared among all stakeholders to avoid duplicative and inconsistent analytical work.



Neutrality of assessment: The PEFA tool provides an objective diagnostic of strengths and weaknesses of PFM systems based on clearly defined, verifiable and transparent criteria. Assessments do not evaluate government reform plans.



Best practices and international standards: The PEFA initiative is informed by best practices and international standards that underpin the assessment framework's criteria for evaluation. Stringent quality control processes for PEFA assessments ensure compliance with these standards and comparability.



Country ownership, commitment and leadership: Partners commit to government-led PFM assessments, engagements and activities that reflect national or sub-national priorities and conditions and are integrated into relevant country systems.

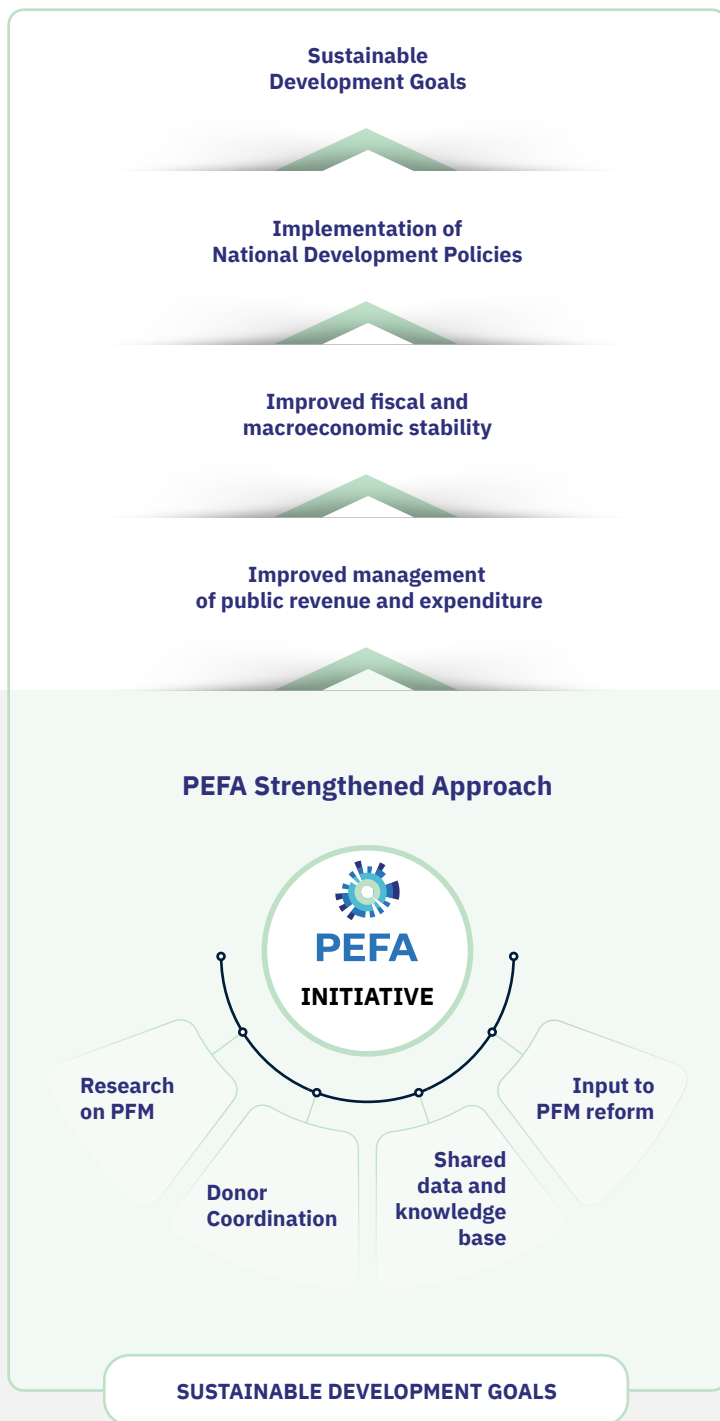


Platform for coordination and dialogue: The PEFA initiative provides the basis for Partners and Governments to engage with a variety of relevant actors at global, regional and country levels to create support, synergies and accountability around PFM performance assessments and reform activities.



Global knowledge leadership. The PEFA initiative pushes the frontiers of knowledge in PFM, and creates and shares reliable, up-to-date lessons on PFM systems, their performance and contribution to development impact at global, regional and country levels. The PEFA initiative contributes to the overall PFM reform agenda and supports national and subnational governments in improving PFM. Moreover, complementary approaches take up new developments in the PFM area and help meet different user needs on issues such as gender budgeting, climate change and effective service delivery.





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Tailoring PFM improvement initiatives to country contexts, including priorities, technical challenges, capacities, political economy and funding availability, is essential. Stakeholders engagement is important for wider legitimacy, learning and accountability around reforms. The PEFA initiative proactively facilitates this dialogue. It also offers entry points for country governments to coordinate development partners' support.

PEFA GOVERNANCE

The PEFA Steering Committee comprises representatives from each of the contributing partners. The PEFA partners commit to funding the PEFA initiative and PEFA assessments, promoting PFM reform and knowledge sharing, and participating actively in the work of the Steering committee.

The PEFA Secretariat is responsible for implementing the Steering Committee's decisions and work programme and delivering agreed services to the PEFA partner organizations. The PEFA initiative is an independent partnership hosted by the World Bank in Washington.

The PEFA Program is a partnership of:

The European Commission, International Monetary Fund, World Bank, and the governments of France, Luxembourg, Norway, Slovak Republic, Switzerland, and United Kingdom.

